

**AKER KVAERNER™ | IHI**

02 December 2009

Cameron LNG, LLC Project  
AK/IHI Job No. H0403600 / 5021-430  
Response Required: Yes

Greg Presswood  
McLarens Young International  
Executive General Adjuster  
Vice President/Branch Manager  
10235 W. Little York, Suite 170  
Houston, TX 77040-3253

Your Ref.:

Our Ref: AK/IHI-TP-0100

Your Insured: Aker Kvaerner/IHI  
Insurers/Policy: National Union Fire Insurance Company of Louisiana – ST-260-9712  
AEGIS Insurance Services, Ltd. – L0022B1A05  
Allianz Global Risk US Insurance Company – ATO 3006580  
Commonwealth Insurance Company – NME1128  
Navigators Special Risk, Inc. – 05-NSRO-1045-01  
Arch Specialty Insurance Company – CAR0009887-00  
Policy Period: September 15, 2005 – August 4, 2009

Dear Greg:

I am writing in response to your letter dated October 27, 2009.

**Unallocated Advance Payment**

AK/IHI has received payment of \$4.5 million of the \$6 million unallocated advance payment by Insurers. We understand that Insurers will be paying the \$1.5 million balance shortly.

**Dredging Analysis by Insurers' Hydrology Consultant**

Your letter indicates that the portion of the claim related to dredging is under review by Christopher Burke Engineering, Ltd. and that you were pushing to have this review completed (before the end of November 2009). We appreciate your pushing for completion of that review. However, since we have not yet heard from Insurers regarding the dredging claim, we would request that you provide us with another update at your earliest convenience.

Your letter cites to a reference to a "period of seventy-two consecutive hours" in the definition of "Occurrence" in the CAR Policy and then states: "[i]t does not appear from the present dredging claim submission that [the seventy-two (72) hour clause] has been "taken into account." Insurers apparently concluded that AK/IHI did not consider the 72-hour clause because the dredging claim "resulted in whole or in part from silting that occurred over a period of months."

**AKER KVAERNER™ | IHI**

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**EXHIBIT**

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AK|IHI respectfully disagrees that it failed to take into account the 72-hour clause in connection with the submission of the dredging claim. As AK|IHI understands the 72-hour clause, it deems that there is "a single occurrence" for "all Damage" occurring during a 72-hour period "caused by named windstorm, tempest, flood or earth movement." AK|IHI further understands that, by deeming a single occurrence in those circumstances, the 72-hour clause makes clear that there is only one occurrence (and only one deductible) when two or more covered risks combine to cause loss during a 72-hour period. In this case, Insurers have agreed that there is only one occurrence relating to Hurricane Ike and, as such, there is no dispute over the 72-hour clause.

AK|IHI's dredging claim is based on silting that was caused by Hurricane Ike. The definition of "Occurrence" does not limit coverage for AK|IHI's dredging claim to silting in a 72-hour period caused by Hurricane Ike. Instead, AK|IHI believes it is entitled to coverage for any and all silting caused by Hurricane Ike whether or not that silting occurred during or after any 72-hour period.

With regard to the statements in your letter that "extensions of the dredge disposal pipeline lease and attorneys' fees related to these extensions" are "consequential losses not covered by the Policy," AK|IHI does not agree. Rather, AK|IHI believes those costs are covered because they were incurred to replace, repair or make good Insured Property that was damaged by Hurricane Ike.

#### **Consequential Loss**

The narrative and table on pages 3 and 4 of your letter address various change orders that you assert are "consequential loss and are therefore not covered by the Policy." Again, AK|IHI does not agree with those assertions. Rather, AK|IHI believes that all of the change orders discussed in your letter are costs incurred by AK|IHI to replace, repair or make good Insured Property that was damaged by Hurricane Ike and, as such, are covered under the Policy.

Finally, we are in the process of reviewing the specific information referenced in your letter and/or contained in the spreadsheet that Insurers provided during the October 13, 2009 meeting. As necessary, AK|IHI will respond to that information in detail once that review is completed.

Neither this correspondence nor AK|IHI's on-going review of information you have provided waives any rights of AK|IHI under the Policy, at law, in equity, or otherwise, all such rights continuing to be expressly reserved.

Sincerely,



Scott Ray  
Business/Risk Manager

cc: H. Suzuki; M. Schloz; T. Santoro

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**AK|IHI**